

**RESOLUTION No. R2011-08-024**

**A RESOLUTION OF THE COUNCIL OF THE  
CITY OF NOGALES ADOPTING THE OFFICIAL FINAL  
BUDGET FOR FISCAL YEAR 2011-2012, AS PRESENTED,  
AND DECLARING AN EMERGENCY.**

**WHEREAS**, in accordance with the provisions of Title 42 Chapter 17, Article 1-5 Arizona Revised Statutes (A.R.S), the Mayor and Council did, on June 13, 2011, make an estimate of the different amounts required to meet the public expenditures/expenses for the ensuing year, also an estimate of revenues from sources other than direct taxation (the City has no taxation of real or personal property), and

**WHEREAS**, in accordance with said chapter of said title, the following due public notice, the Mayor and Council met on June 27, 2011, at which meeting any taxpayer was privileged to appear and be heard in favor of or against any of the proposed revenues or expenditures, and

**WHEREAS**, it appears that publication has been duly made as required by law, of said estimates together with a notice that the Mayor and Council would meet on June 27, 2011, in the Council Chambers, City Hall, for the purpose of hearing taxpayers and making tax levies as set forth in said estimates, and

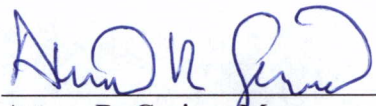
**WHEREAS**, it appears that the sums to be raised by taxation, as specified therein, do not in the aggregate exceed that amount as computed in A.R.S. Section 42-17051(A), in that no property tax is levied, and

**WHEREAS**, Section 77 of the Charter of the City of Nogales requires that the salaries, wages and remuneration of all appointive officials and employees of the City of Nogales shall be fixed from time to time by order of the Council.

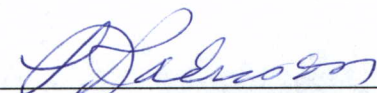
**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of Nogales that the said estimates of revenues and expenditures as presented in the accompanying amended schedules are hereby adopted as the official budget of the City of Nogales for the fiscal year 2011-2012; that the mileage rate for travel by employees and elected officials will be paid using the federal mileage rate schedule and that the salaries, wages and remuneration as listed and amended in the List of Salaries by Department, of the final Budget book, are hereby approved.

**EMERGENCY CLAUSE, BE IT FURTHER RESOLVED** that adoption of this resolution is hereby declared to be an emergency and it shall become effective upon adoption. The reason for the emergency is that the budget must be effective at the commencement of the new fiscal year, July 1, 2011, in order to provide for the efficient operation and administration of the City.

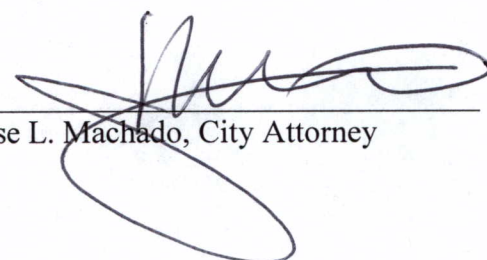
**PASSED, ADOPTED AND APPROVED** by the Council of the City of Nogales,  
Arizona, this 24th day of AUGUST, 2011.

  
\_\_\_\_\_  
Arturo R. Garino, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Leticia Robinson, City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Jose L. Machado, City Attorney



## STAFF SUMMARY

**SUBJECT:** Adoption of FY2011-2012 Final Budget.

**BACKGROUND:** As required by state law, on June 13, 2011, the City adopted a tentative budget establishing the upper expenditure level for fiscal year 2011-2012, published the tentative budget in a newspaper of local general circulation for two consecutive weeks, and noticed a public hearing on the budget for Monday, June 27, 2011 at 3:00 p.m. The final budget is now submitted to Mayor and Council for adoption after the close of the public hearing.

### **COST & SOURCE OF FUNDING:**

The following is a recap of the proposed final budgeted expenditures for FY2011-2012:

OPERATING BUDGET	\$ <u>52,751,575</u>
CAPITAL BUDGET	\$ <u>9,803,767</u>
TOTAL BUDGET	\$ <u>62,555,342</u>

Additionally, the following schedules are attached which provide details to the final budget for FY 2011-2012:

- Schedule A – Summary Schedule of Estimated  
Revenues and Expenditures/Expenses
- Schedule C – Summary of Fund Type of Revenues Other  
Than Property Taxes
- Schedule D – Summary by Fund Type of Other  
Financing Sources (Uses) and Inter-fund Transfers
- Schedule E - Summary by Department of Expenditures/Expenses  
Within each Fund Type
- Salaries Schedule – Detailed Salaries and Benefits for  
Each position in the FY2011-2012 budget

Funding to cover above expenditures will be provided by beginning reserve balances and revenues (including debt proceeds) generated and/or received during the fiscal year.

**TOTAL COST OF PROJECT(S):** As provided in the detail Tentative Budget document.

**STATUTORY REQUIREMENTS, IF ANY:** A.R.S. Title 42, Chapter 17 requires approval of the final budget in an amount not to exceed the amount approved in the tentative budget approval process and the City of Nogales Charter Section 77 requires approval of the salaries, wages and remuneration of all appointive officials and employees.

**STAFF RECOMMENDATION/CITY OPTIONS:**

Staff recommends adoption of the proposed final budget as presented, by adoption of Resolution No. R2011-08-024 with the Emergency Clause.

**SUGGESTED MOTION:**

“I move to approve Resolution No. R2011-08-024 with the Emergency Clause.”

  
\_\_\_\_\_  
Finance Director

  
\_\_\_\_\_  
Approved City Manager



**CITY/TOWN OF NOGALES, ARIZONA**  
**Summary Schedule of Estimated Revenues and Expenditures/Expenses**  
**Fiscal Year 2012**

FUND	ADOPTED BUDGETED EXPENDITURES/EXPENSES* 2011	ACTUAL EXPENDITURES/EXPENSES ** 2011	FUND BALANCE/ NET ASSETS*** July 1, 2011**	PROPERTY TAX REVENUES 2012 Primary: Secondary:	ESTIMATED REVENUES OTHER THAN PROPERTY TAXES 2012	OTHER FINANCING 2012		INTERFUND TRANSFERS 2012		TOTAL FINANCIAL RESOURCES AVAILABLE 2012	BUDGETED EXPENDITURES/EXPENSES 2012
						SOURCES	<USES>	IN	<OUT>		
General Fund	\$ 22,396,258	\$ 17,622,373	\$ 4,038,393	\$	\$ 19,010,468		\$	\$	\$ 851,024	\$ 22,197,837	\$ 23,048,861
Special Revenue Funds	4,907,439	4,567,818	434,498		17,298,451			308,631		18,041,580	17,732,949
Debt Service Funds Available Less: Amounts for Future Debt Retirement											
Total Debt Service Funds											
Capital Projects Funds	10,827,096	1,264,719			9,803,767					9,803,767	9,803,767
Permanent Funds	2,040,032	250,247	2,092,034		60,000					2,152,034	2,152,034
Enterprise Funds Available Less: Amounts for Future Debt Retirement	9,413,524	7,933,384	565,313		9,252,418			844,404	302,011	10,360,124	9,817,731
Total Enterprise Funds	9,413,524	7,933,384	565,313		9,252,418			844,404	302,011	10,360,124	9,817,731
Internal Service Funds											
TOTAL ALL FUNDS	\$ 49,584,348	\$ 31,638,541	\$ 7,130,238	\$	\$ 55,425,104		\$	\$ 1,153,035	\$ 1,153,035	\$ 62,555,342	\$ 62,555,342

EXPENDITURE LIMITATION COMPARISON		2011	2012
1. Budgeted expenditures/expenses		\$ 49,584,348	\$ 62,555,342
2. Add/subtract: estimated net reconciling items			
3. Budgeted expenditures/expenses adjusted for reconciling items		49,584,348	62,555,342
4. Less: estimated exclusions			
5. Amount subject to the expenditure limitation		\$ 49,584,348	\$ 62,555,342
6. EEC or voter-approved alternative expenditure limitation		\$	\$

The city/town does not levy property taxes and does not have special assessment districts for which property taxes are levied. Therefore, Schedule B has been omitted.

includes Expenditure/Expense Adjustments Approved in current year from Schedule E.  
includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.  
amounts in this column represent Fund Balance/Net Asset amounts except for amounts not in spendable form (e.g., prepaids and inventories) or legally or contractually required to be maintained intact (e.g., principal of a permanent fund).



**CITY/TOWN OF NOGALES, ARIZONA**  
**Summary by Fund Type of Revenues Other Than Property Taxes**  
**Fiscal Year 2012**

<b>SOURCE OF REVENUES</b>	<b>ESTIMATED REVENUES 2011</b>	<b>ACTUAL REVENUES* 2011</b>	<b>ESTIMATED REVENUES 2012</b>
<b>GENERAL FUND</b>			
<b>Local taxes</b>			
Transaction Privilege Taxes	\$ 9,722,050	\$ 9,708,841	\$ 9,787,750
Bed Tax	270,275	278,899	298,000
Franchise - Cable TV	85,008	90,922	81,000
Franchise - Electric & Gas	420,789	480,151	448,000
Public Utility Tax	170,500	152,119	153,000
<b>Licenses and permits</b>			
Transaction Privilege Tax License	55,000	48,916	61,653
Occupational Business License	605,000	651,095	588,000
Animal License	20,000	24,871	25,100
Building Permits	52,000	51,560	42,308
Other Permits	42,300	42,125	33,600
<b>Intergovernmental</b>			
State Transaction Privilege Tax	1,637,736	1,657,447	1,576,452
State Urban Revenue	2,124,456	2,124,774	1,758,731
State Vehicle License	1,391,262	1,341,261	1,404,684
County Library IGA	236,080	242,124	232,518
<b>Charges for services</b>			
Ambulance Fees	975,000	732,855	975,000
Cemetery Fees	14,000	11,414	33,000
Library Fees	17,000	14,822	16,000
Planning & Zoning Fees	5,000	3,180	2,000
Building Inspection Fees	240	305	200
Recreation Fees	59,000	46,630	59,000
Parking Meter Fees	200,000	181,823	185,200
Other Fees	0		
<b>Fines and forfeits</b>			
Court Fines	500,000	521,945	482,500
Court Restitution			
<b>Interest on investments</b>			
Interest Income	53,161	409	32,487
Rental/Lease Income	34,350	38,213	38,160
<b>Contributions</b>			
Voluntary contributions	600	6,037	3,000
<b>Miscellaneous</b>			
Other - Special Events	14,000	8,026	7,000
Miscellaneous Revenue	11,000	65,851	11,000
Reimbursement Police & Fire	412,387	288,548	483,125
Recoveries Insurance	10,000	21,657	20,000
Reimbursement / Recoveries Other	38,352	97,956	150,000
Evidence - Police			10,000
Prints & Reports - Police			12,000
Impound Fees - Police		39,600	
Carry Forward			0
<b>Total General Fund</b>	<b>\$ 19,176,546</b>	<b>\$ 18,974,376</b>	<b>\$ 19,010,468</b>

\* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.



**CITY/TOWN OF NOGALES, ARIZONA**  
**Summary by Fund Type of Revenues Other Than Property Taxes**  
**Fiscal Year 2012**

<b>SOURCE OF REVENUES</b>	<b>ESTIMATED REVENUES 2011</b>	<b>ACTUAL REVENUES* 2011</b>	<b>ESTIMATED REVENUES 2012</b>
<b>SPECIAL REVENUE FUNDS</b>			
HURF (Streets)	\$ 1,985,436	\$ 1,560,679	\$ 1,738,355
Other Income - Interest	176,205	175	17,299
	\$ 2,161,641	\$ 1,560,854	\$ 1,755,654
Nogales Rides	\$ 17,677	\$ 17,370	\$ 71,750
Elderly Van Transportation	1,000	1,686	0
	\$ 18,677	\$ 19,056	\$ 71,750
City Court PPR JCEF	\$ 21,000	\$ 14,825	\$ 7,000
Municipal Court	4,000	8,031	4,500
Distant Learning - Library	30,000		
SGIA	23,000	23,000	23,000
E-Rate Program	0		23,350
	\$ 78,000	\$ 45,856	\$ 57,850
Weed & Seed	\$ 10,000	\$ 8,113	\$ 0
Internet Crimes Against Children	9,846		10,000
Bullet Proof Vest Partnership	5,000		16,000
Homeland Security	1,325,275	270,708	2,419,427
	\$ 1,350,121	\$ 278,821	\$ 2,445,427
GOHS/DUI Task Force	\$ 95,267	\$ 8,410	\$ 546,808
GOHS/DUI Abatement			
Selective Traffic			
Border Security Enhancement	778,775	549,979	1,179,303
AZ Auto Theft Authority	0		300,000
SW Border Anti-Money Laundering			1,314,300
	\$ 874,042	\$ 558,389	\$ 3,340,411
Tohono O'Odham	\$	\$	\$ 500,000
Misc Funding			7,010,000
Impound Fees			50,000
Federal Asset Seizure Program	200,000	121,509	785,970
	\$ 200,000	\$ 121,509	\$ 8,345,970
AZDOHS Fire Dept grant	\$	\$	\$ 130,000
Victim's Rights Grant	6,825	6,825	6,900
EECBG Grant	125,731		151,559
CDBG Grant	243,606	17,586	90,000
	\$ 376,162	\$ 24,411	\$ 378,459
Border Enviroment Cooperation Commission	\$	\$	\$ 411,719
CDBG Streets Improvements			489,911
VFD Retirement Fund	4,800	796	1,300
	\$ 4,800	\$ 796	\$ 902,930
<b>Total Special Revenue Funds</b>	<b>\$ 5,063,443</b>	<b>\$ 2,609,692</b>	<b>\$ 17,298,451</b>

\* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.



**CITY/TOWN OF NOGALES, ARIZONA**  
**Summary by Fund Type of Revenues Other Than Property Taxes**  
**Fiscal Year 2012**

SOURCE OF REVENUES	ESTIMATED REVENUES 2011	ACTUAL REVENUES* 2011	ESTIMATED REVENUES 2012
<b>DEBT SERVICE FUNDS</b>			
	\$	\$	\$
	0	0	0
<b>Total Debt Service Funds</b>	\$ 0	\$ 0	\$ 0
<b>CAPITAL PROJECTS FUNDS</b>			
BOR Recharging Water	\$ 1,000,000	\$	\$ 1,000,000
EPA Line Item	2,110,309		2,054,215
	\$ 3,110,309	\$ 0	\$ 3,054,215
Morley Ave Paving	\$ 1,866,070	\$	\$ 2,107,145
Walnut Street Paving	430,381		430,381
Crawford Street Paving	288,777		288,777
Manila Dr & Corinthian Dr Paving	300,000		274,825
Coronado Subdivision Paving / Water	1,056,000		1,007,085
H/S Roundabout Paving	217,000		217,000
	\$ 4,158,228	\$ 0	\$ 4,325,213
Neighborhood Center	\$ 28,000	\$	\$ 28,000
Old City Hall Improvements	57,000		57,000
City Hall Fountain	35,000		35,000
	\$ 120,000	\$ 0	\$ 120,000
Camp Little Park Restrooms	\$ 20,984	\$	\$ 20,984
Meadow Hills Park	107,265		42,105
Soccer Field	153,000		150,390
Pedestrian Bridge			997,050
Vista del Cielo - Water Storage	595,011		588,956
Neighborhood Entry Monuments	91,358		18,316
Border Security Enhancement Project	703,775		
Terrace Ave Enhancement	945,886		
Project Contingency (Eliminated Cemetery)	625,226		
Mastick Way Sidewalks	5,324		
Employee / Recreation Paving	52,092		
Banc of America - FKA Koch Lease	713,639		486,538
	\$ 4,013,560	\$ 0	\$ 2,304,339
<b>Total Capital Projects Funds</b>	\$ 11,402,097	\$ 0	\$ 9,803,767
<b>PERMANENT FUNDS</b>			
Sewer Development Fees	\$ 35,000	\$ 28,155	\$ 35,000
Water Development Fees	25,000	181,096	25,000
	\$ 60,000	\$ 209,251	\$ 60,000
	\$ 60,000	\$ 209,251	\$ 60,000
<b>Total Permanent Funds</b>	\$ 60,000	\$ 209,251	\$ 60,000

\* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.

**CITY/TOWN OF NOGALES, ARIZONA**  
**Summary by Fund Type of Revenues Other Than Property Taxes**  
**Fiscal Year 2012**

<b>SOURCE OF REVENUES</b>	<b>ESTIMATED REVENUES 2011</b>	<b>ACTUAL REVENUES* 2011</b>	<b>ESTIMATED REVENUES 2012</b>
<b>ENTERPRISE FUNDS</b>			
Waste Water Fund	\$ 1,753,751	\$ 1,479,142	\$ 1,701,556
Water Fund	2,394,989	2,053,431	2,575,058
Sanitation Fund	2,369,785	2,104,536	2,536,500
	\$ 6,518,525	\$ 5,637,109	\$ 6,813,114
Nogales Housing Authority	\$ 1,732,634	\$ 653,454	\$ 2,439,304
	\$ 1,732,634	\$ 653,454	\$ 2,439,304
<b>Total Enterprise Funds</b>	<b>\$ 8,251,159</b>	<b>\$ 6,290,563</b>	<b>\$ 9,252,418</b>
<b>INTERNAL SERVICE FUNDS</b>			
	\$	\$	\$
	\$ 0	\$ 0	\$ 0
<b>Total Internal Service Funds</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>TOTAL ALL FUNDS</b>	<b>\$ 43,953,245</b>	<b>\$ 28,083,882</b>	<b>\$ 55,425,104</b>

\* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated revenues for the remainder of the fiscal year.



**CITY/TOWN OF NOGALES, ARIZONA**  
**Summary by Fund Type of Other Financing Sources/<Uses> and Interfund Transfers**  
**Fiscal Year 2012**

FUND	OTHER FINANCING 2012		INTERFUND TRANSFERS 2012	
	SOURCES	<USES>	IN	<OUT>
<b>GENERAL FUND</b>				
GENERAL FUND	\$	\$	\$	\$ 837,203
				7,201
				6,620
<b>Total General Fund</b>	\$ 0	\$ 0	\$ 0	\$ 851,024
<b>SPECIAL REVENUE FUNDS</b>				
HURF	\$	\$	\$ 302,011	\$
VFD			6,620	
<b>Total Special Revenue Funds</b>	\$ 0	\$ 0	\$ 308,631	\$ 0
<b>DEBT SERVICE FUNDS</b>				
	\$	\$	\$	\$
<b>Total Debt Service Funds</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>CAPITAL PROJECTS FUNDS</b>				
	\$	\$	\$	\$
<b>Total Capital Projects Funds</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>PERMANENT FUNDS</b>				
	\$	\$	\$	\$
<b>Total Permanent Funds</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>ENTERPRISE FUNDS</b>				
WASTE WATER	\$	\$	\$ 837,203	\$
WATER				302,011
SANITATION			7,201	
<b>Total Enterprise Funds</b>	\$ 0	\$ 0	\$ 844,404	\$ 302,011
<b>INTERNAL SERVICE FUNDS</b>				
	\$	\$	\$	\$
<b>Total Internal Service Funds</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>TOTAL ALL FUNDS</b>	\$ 0	\$ 0	\$ 1,153,035	\$ 1,153,035



**CITY/TOWN OF NOGALES, ARIZONA**  
**Summary by Department of Expenditures/Expenses Within Each Fund Type**  
**Fiscal Year 2012**

<b>FUND/DEPARTMENT</b>	<b>ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2011</b>	<b>EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2011</b>	<b>ACTUAL EXPENDITURES/ EXPENSES* 2011</b>	<b>BUDGETED EXPENDITURES/ EXPENSES 2012</b>
<b>GENERAL FUND</b>				
Non Departmental	\$ 6,028,235	\$ (164,389)	\$ 1,837,388	\$ 6,304,803
Mayor	74,864	3,000	72,531	85,593
Council	98,770		85,328	102,775
Emergency Response			155,038	200,000
Administration	476,480		400,388	445,710
Finance	686,486		645,268	1,229,864
Human Resources	202,995		192,127	204,181
Revenue	472,937	19,500	459,784	0
Planning Zoning	265,689	(9,000)	208,144	218,325
Elections	39,050		23,072	1,500
Building Inspection	102,621		100,015	101,716
MIS	403,211		335,396	398,488
City Attorney	675,923		516,506	662,764
City Court	368,992	18,843	381,022	392,785
Library	484,245		453,397	465,417
Police	5,541,199	250,613	5,687,233	6,028,923
Fire	3,202,898	9,000	3,171,851	3,800,252
Ambulance	583,123		569,408	0
Streets	134,917		70,746	0
Facilities Maintenance	681,796	41	642,837	676,445
Engineering	305,707		270,225	302,055
Cemetery	110,242		117,287	113,413
Animal Control	261,384		246,611	254,172
Recreation	451,585	6,000	448,190	452,983
Parks	529,275	26	531,830	556,697
Golf Course	80,000		751	50,000
<b>Total General Fund</b>	<b>\$ 22,262,624</b>	<b>\$ 133,634</b>	<b>\$ 17,622,373</b>	<b>\$ 23,048,861</b>
<b>SPECIAL REVENUE FUNDS</b>				
HURF	\$ 2,161,641	\$ 738	\$ 1,956,869	\$ 1,755,654
Nogales Rides	51,593		43,459	71,750
Elderly Van Transport	17,677		0	
LTAF	150,000		0	
City Court PPR JCEF	189,038		0	197,370
Municipal Court	47,676		0	58,628
SGIA	23,000		23,000	23,000
E-Rate				23,350
Weed & Seed	10,000		10,000	0
Internet Crimes Against Children	9,846		9,846	10,000
Bullet Proof Vest Partnership	5,000			16,000
Homeland Security	1,000,275	325,000	1,325,275	2,419,427
GOHS/DUI Task Force	95,267		34,871	546,808
GOHS/Public Awareness	937			
Border Security Enhancement			778,775	1,179,303
AZ Auto Theft Authority				300,000
SW Border Ant-Money Laundering				1,314,300
Tohono-O'odham	150,000			650,000
Miscellaneous Funding				7,010,000
Impound Fees				90,000
Federal Asset Seizure Program	291,369		81,555	785,970
AZDOHS Fire Dept Grant				130,000
Victim's Rights Grant	6,825		6,825	6,900
EECBG	125,731		125,731	151,559
CDBG	243,606		166,552	90,000
BECC				411,719
CDBG Streets Improvement				489,911
VFD	1,300	920	5,060	1,300
<b>Total Special Revenue Funds</b>	<b>\$ 4,580,781</b>	<b>\$ 326,658</b>	<b>\$ 4,567,818</b>	<b>\$ 17,732,949</b>



**CITY/TOWN OF NOGALES, ARIZONA**  
**Summary by Department of Expenditures/Expenses Within Each Fund Type**  
**Fiscal Year 2012**


<b>FUND/DEPARTMENT</b>	<b>ADOPTED BUDGETED EXPENDITURES/ EXPENSES 2011</b>	<b>EXPENDITURE/ EXPENSE ADJUSTMENTS APPROVED 2011</b>	<b>ACTUAL EXPENDITURES/ EXPENSES* 2011</b>	<b>BUDGETED EXPENDITURES/ EXPENSES 2012</b>
<b>DEBT SERVICE FUNDS</b>				
	\$	\$	\$	\$
<b>Total Debt Service Funds</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>CAPITAL PROJECTS FUNDS</b>				
BOR Recharging Water	\$ 1,000,000	\$	\$	\$ 1,000,000
EPA Line Item	2,110,309		89,406	2,054,215
Morley Ave Paving	1,866,070		133,824	2,107,145
Walnut Street Paving	430,381			430,381
Crawford Street Paving	288,777			288,777
Manila Dr & Corinthian Dr Paving	300,000			274,825
Coronado Subdivision Paving/Wtr	1,056,000		3,950	1,007,085
H/S Roundabout Paving	217,000			217,000
Neighborhood Center	28,000			28,000
Old City Hall Improvements	57,000			57,000
City Hall Fountain	35,000			35,000
Camp Little Park Restroom	20,984			20,984
Meadow Hills Park	107,265			42,105
Soccer Field	153,000			150,390
Pedestrian Bridge				997,050
Vista del Cielo - Water Storage	595,011	(500,000)		588,956
Neighborhood Entry Monuments	91,358		70,692	18,316
Border Security Enhancement	703,775			0
Terrace Ave Enhancement	945,886		718,820	0
Project Contingency (Eliminated C)	625,225			0
Mastick Way Sidewalks	5,324			0
Employee / Recreation Paving	52,092		20,925	0
Banc of America FKA Koch	713,639	(75,000)	227,102	486,538
<b>Total Capital Projects Funds</b>	\$ 11,402,096	\$ (575,000)	\$ 1,264,719	\$ 9,803,767
<b>PERMANENT FUNDS</b>				
Sewer Development Fees	\$ 1,331,660	\$	\$ 0	\$ 1,359,061
Water Development Fees	708,372		250,247	792,973
<b>Total Permanent Funds</b>	\$ 2,040,032	\$ 0	\$ 250,247	\$ 2,152,034
<b>ENTERPRISE FUNDS</b>				
Waste Water Fund	\$ 2,530,712	\$ 114,648	\$ 2,544,860	\$ 1,919,576
Water Fund	2,501,749		2,407,334	2,922,351
Sanitation	2,533,720		2,197,387	2,536,500
Nogales Housing Authority	1,732,634	61	783,803	2,439,304
<b>Total Enterprise Funds</b>	\$ 9,298,815	\$ 114,709	\$ 7,933,384	\$ 9,817,731
<b>INTERNAL SERVICE FUNDS</b>				
	\$ 0	\$	\$ 0	\$ 0
<b>Total Internal Service Funds</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>TOTAL ALL FUNDS</b>	\$ 49,584,348	\$ (0)	\$ 31,638,541	\$ 62,555,342

\* Includes actual expenditures/expenses recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures/expenses for the remainder of the fiscal year.





To: Honorable Mayor & City Council

From: Shane Dille, City Manager 

Cc: Joe Machado, City Attorney  
John Kissinger, Deputy City Manager  
Terry Ramirez, Finance Director  
Leticia Robinson, City Clerk

Date: August 22, 2011

**RE: Upcoming Consideration of Final Budget**

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Attached you'll find the Staff Summary Report for Council's upcoming consideration of the FY 2011-12 Final Budget. With the way calendars have played out, it would appear that a Special meeting of the Council will be scheduled for the afternoon of Wednesday, August 24, 2011. Joe Machado is not available until after 4pm, so it will be scheduled at either 4pm or 5 pm. Please let Letty know as soon as you can if that time doesn't work for you and we'll see what else can be done.

No changes to the Final Budget presented to you on June 27<sup>th</sup> have been made by Staff in order to avoid the need to re-advertise at an estimated cost to the City of \$6,000, which we would have had to do if any of the financial schedules advertised previously had been change. I mention this so that you don't feel like you have to pour through that whole document prior to the upcoming meeting.

The option being recommended in the Report was actually authored by Councilman Diaz, who in providing his input to me mentioned that a chief concern with Council was that of timeline. He mentioned that the way I was going about hiring a Public Works Director for the City was going to take too long. His suggestion, which is something that Staff completely supports, quickens the timeline and allows for the immediate posting of a Public Works Director position, does this without the need to add an additional \$130,000 cost to the City, and helps the City to avoid the need to re-advertise the Budget at an additional cost of \$6,000. I appreciate his help.

At the end of the day, Staff and I acknowledge that what we have brought forward by way of a Budget is only a recommendation. The City's Annual Budget is your document as the City's Governing Body. My commitment to you is that should the Council choose to go in a completely different direction than what is being recommended, I will work with Staff to provide the absolute best public service possible within the approved Final Budget.



## **STAFF SUMMARY**

### **SUBJECT:**

Discussion and possible action to approve the Fiscal Year 2011-12 Final Budget for the City of Nogales, Arizona.

### **BACKGROUND:**

As your City Manager, one of my principal roles is to work with staff to prepare a balanced and functional budget with recommendations for your consideration and approval. This budget is intended to both meet the present operational needs of the City, and to position the City well for the needs of tomorrow. However, both staff and I understand that ultimately it is a document that you, as the City's governing body, must feel comfortable with and adopt if even basic community services are to be carried out during the course of the year.

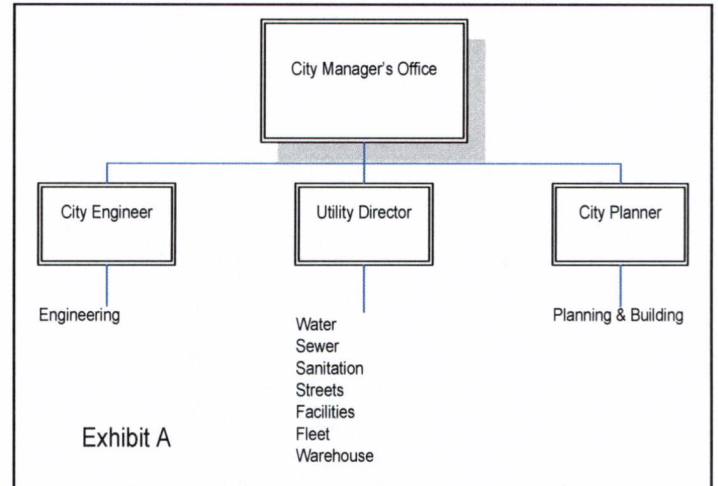
On June 27, 2011, having previously adopted the City's FY 2011-12 Tentative Budget, Council was presented with the Final Budget for consideration and possible approval. Leading up to this point, staff had held two publically noticed study sessions with the Council, met with each Council member and reviewed the Proposed Budget, and per State Statute published the Proposed Final Budget in a local paper of circulation. Staff feels that the Final Budget, as presented, included all of the public discussion points brought forward by the City Council. Nevertheless, since July 1, 2011 we have been operating without an approved Final Budget, and the law dictates that the City can only operate this way on an emergency and bare essentials basis. This has had an effect on operations such as needed training, capital projects, etc.

Required by law to advertise the public hearing when the Council is to act upon the presented Final Budget, staff posted the required information at a cost to the City of about \$6,000. It has been determined that should the Council consider any modification to the document that is materially different from what you were presented on June 27<sup>th</sup>, the City would need to re-advertise at an additional cost of approximately \$6,000.

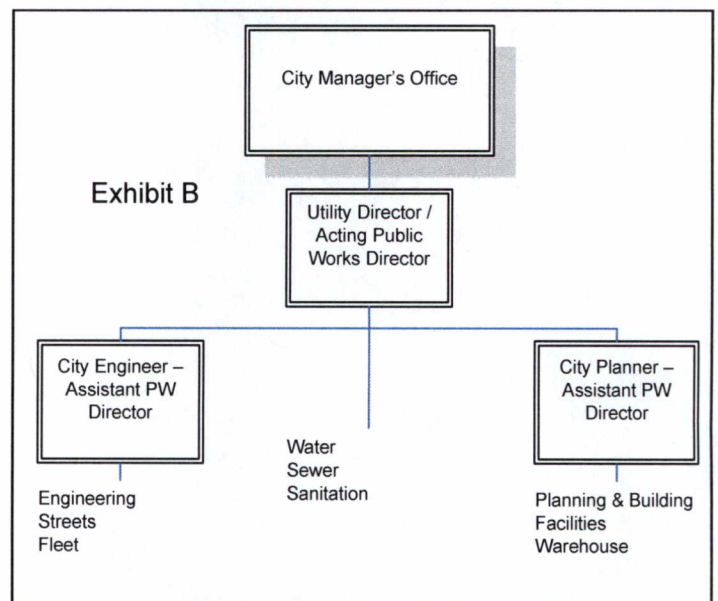
During the meeting on June 27<sup>th</sup>, however, a Council concern regarding the status of a Public Works Director was clearly communicated to Staff and the Budget's approval was suspended until the matter could be addressed.

It is my hope to address this concern at this time. However, to get there I feel that a little history on the matter might help keep the proper perspective.

- On August 1, 2007, a Final Budget for FY 2007-08 was approved 7-0 by Council, which did not fund a Public Works Director position for the City. In each subsequent year (FY 08-09, FY 09-10 and FY 10-11), the position of Public Works Director has remained unfunded.
- On May 24, 2010, I began work for the City. At the time former City Manager Jaime Fontes had assigned Public Works responsibility to the City's Utility Director, Flavio Gonzales. **Exhibit A** depicts how the organization was structured at the time I came on with the City.



- I found that the complexity of the issues within the seven divisions of Public Works was more than one department head should be expected to handle alone. I began work immediately to best use the approved budget funding provided by Council, by consolidating the existing departments within the Public Works Building (Engineering, Utilities & Planning). By doing this the City would be able to take advantage of other professional managers, who would share in the total responsibilities and make a “one-stop-shop” location for the



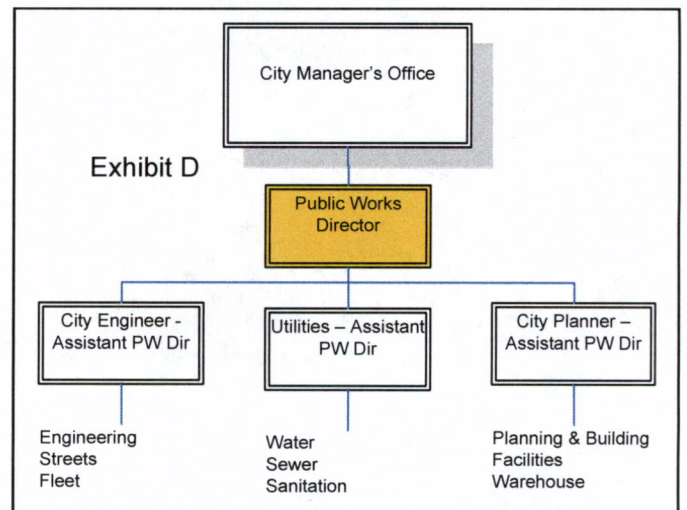
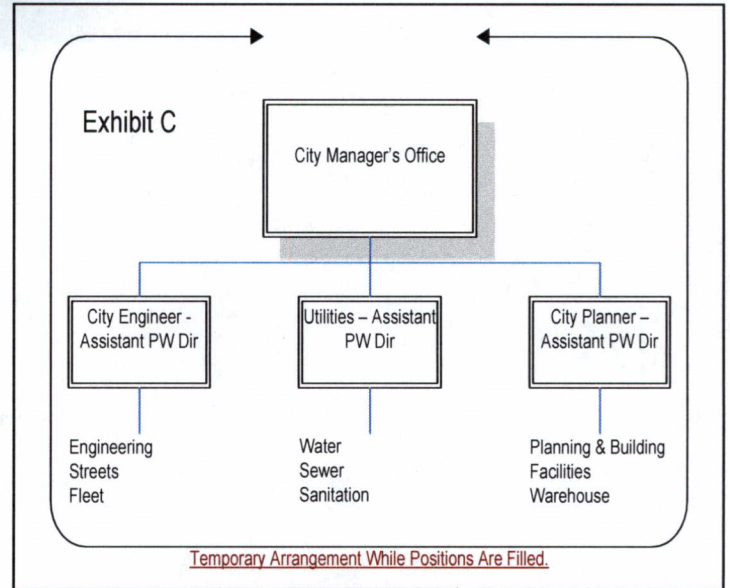
- The Organization chart included in the FY 2010-11 Approved Final Budget, which is how we are operating today, looks like the following in **Exhibit B**.
- Nevertheless, the City was never really able to realize the benefit of this new structure because two of the three director positions have been vacated. With the single desire to equip the City with a full-time Public Works Director, using the three positions already funded by the Council (Engineer, Utilities & Planning), I felt it would be more effective to advertise each open position as an Assistant PW Director, with the expectation that any of the three could eventually assume the role as Public Works Director. I would take some time to observe and evaluate their overall abilities and then choose from the three, who would be best suited to assume the role of Public Works Director. I have already posted



the vacant positions with job descriptions addressing the possibility of operating as the City's Public Works Director. The idea to address this interim is presented in **Exhibit C**.

- However, with the Council direction taken from the June 27<sup>th</sup> mtg., and knowing that I have shared this approach with all of you, it is clear that the Council's chief concern is that of timing, and would like to see a Public Works Director on board sooner than later. While I feel my approach provides a better assurance that the strongest person fills this position, I admit it would take added time before the City would have a titled Public Works Director. There is another approach that would take us to that same conclusion quicker. In December 2010, I did take before Council a job description for a Public Works Director. I could simply modify that job description to include the essential elements of the Utility or Planner position currently vacant, and post the position immediately. The position would then function as both the Public Works Director and either the Planner or Utility Director. Funding is for the most part in place with the remainder funding (\$10K to \$25K) coming from current salary savings and from the General Fund Contingency Offset.

- To address the thought of finding enough funding somewhere in the City's operating funds to be able to fund a separate, fourth (4<sup>th</sup>) position (**Exhibit D**) within Public Works I offer the following. I have charged our Finance Team to evaluate and search through the recommended Final Budget in hopes of piecing together the needed funding (approx. \$130K), to support this additional position. Terry Ramirez, City Finance Director, has informed me that her team has been unsuccessful in locating sufficient funding without negatively affecting current levels of public services provided by the City.



**TOTAL COST OF PROJECT(S):**



To implement the Recommended Option (see below), the additional ongoing cost to the City would be between \$10K and \$25K per year.

**COST & SOURCE OF FUNDING:**

Initially the funding would have to come in the short-term from the General Fund Contingency Offset; account # 001-010-80-15. However, in the long-term the intent is that the Enterprise Fund will become healthy enough to support this expense entirely.

**PRIORITY OF PROJECT(S) FROM STAFF:**

Highest Priority

**STAFF RECOMMENDATION/CITY OPTION:**

While I still feel that my original process to select a Public Works Director provides the City with the greatest changes of securing our strongest candidate for the job, Staff understands the concerns present and the strong desire to have a Public Works Director in place as soon as possible.

Staff therefore recommends approve Final Budget as presented by Staff on June 27, 2011; but, rather than fill the existing two Director positions now, consolidate the Public Works Director position with that of either the Utility or Planner Director position, and post the Public Works Director position immediately. Also, direct Staff authorizing the use of Funding from the **General Fund's Contingency Offset** account, together with the use of existing salary savings, for the purposes of hiring a Public Works Director.

Impact: Similar to the recommended option, the cost impact of this alternative is nominal as most of the salary funding is already in place. Staff would immediately consolidate the identified job descriptions and post for a new Public Works Director position. Although the recommended option is considered by Staff to provide our best chance to secure the strongest candidate for the Public Works Director job, this alternative is a faster approach to getting a Public Works Director on board. **This option also avoids the need to re-advertise the Final Budget, thus preventing the need to spend another \$6,000.**

**SUGGESTED MOTION:**

"I move to approve Resolution No. R2011-08-024. And direct Staff per:"

1. Staff's Recommended Option in placing urgency on hiring a Public Works Director as soon as possible.

\_\_\_\_\_  
Finance Dept.

\_\_\_\_\_  
Dept. Director

  
Approved City Manager